

## Message Text

PAGE 01 STATE 246855  
ORIGIN SS-15

INFO OCT-01 ISO-00 SSO-00 CCO-00 /016 R

66011  
DRAFTED BY: S/S-O:LFLEISCHER  
APPROVED BY: S/S-O:LFLEISCHER  
-----033513 150324Z /63  
O 142254Z OCT 77  
FM SECSTATE WASHDC  
TO TREASURY IMMEDIATE

C O N F I D E N T I A L STATE 246855

FOLLOWING REPEAT SECTO 10016 ACTION SECSTATE  
INFO BELGRADE VIENNA NATO 30 SEP 77

QUOTE

C O N F I D E N T I A L SECTO 1006

FOR S/S-S

E.O. 11652: GDS  
TAGS: CSCE, ALT, AU, UN  
SUBJECT: PAHR UNGA BILATERAL WITH THE SECRETARY, SEPTEMBER 29

SUMMARY. DURING A FIENDLY HALF-HOUR DISCUSSION AT THE UNGA  
ON SEPTEMBER 29, AUSTRIA FOREIGN MINISTER PAHR AND THE SECRETARY  
DISCUSSED EAST-WEST AND BILATERAL ISSUES. PAHR INFORMED THE  
SECRETARY OF TWO AUSTRIAN CSCE INITIATIVES CONCERNING ENERGY  
AND INLAND WATER TRANSPORTATION. ACTION. THE SECRETARY AGREED  
TO TRANSMIT AN AIDE MEMOIRE ON THE LATTER SUBJECT TO THE CSCE  
DELEGATION (SEPTTEL). ACTION. THE SECRETARY ALSO AGREED TO  
CHECK INTO PAHR'S EXPRESSION OF CONCERN CONCERNING PROBLEMS  
ENCOUNTERED IN IMPORTATION OF AUSTRIAN STEEL INTO THE U.S.  
BOTH AGREED THAT THE DECISION ON WHERE TO HOST THE 1979 UN  
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SCIENTIFIC/TECHNOLOGY CONFERENCE SHOULD NOT BE A DIVISIVE  
ISSUE. END SUMMARY.

1. AUSTRIAN FOREIGN MINISTER WILLIBALD PAHR, ACCOMPANIED  
BY AUSTRIAN UN PERM REP PETER JANKOWITSCH AND AUSTRIAN UN  
DELEGATION CHIEF OS STAFF. ANTON PROHASKA HELD A BILATERAL  
DISCUSSION WITH SECRETARY VANCE FROM NOON UNTIL 12:30PM  
ON SEPTEMBER 29 AT THE SECRETARY'S UN SUITE. EUR/CE  
DIRECTOR WOESSNER AND AUSTRIA DESK OFFICER HURLEY ALSO

ATTENDED.

2. PAHR EXTENDED THE CHANCELLOR'S BEST REGARDS. HE THANKED THE SECRETARY FOR THE LETTER THAT PRESIDENT CARTER HAD SENT TO THE CHANCELLOR ON THE OCCASION ON VICE PRESIDENT MONDALE'S MAY VISIT TO VIENNA. PAHR ALSO EXPRESSED HIS APPRECIATION OF NET US AMBASSADOR WOLF WHO, HE FELT, IN A SHORT TIME HAD ALREADY DONE MUCH TO CONTRIBUTE TO US-AUSTRIAN RELATIONS.

3. THE SECRETARY APOLOGIZED FOR HIS INABILITY TO GO TO VIENNA FOR THE SALT ROUND SCHEDULED EARLIER IN THE MONTH. HE POINTED OUT THAT TWO FACTORS HAD LED TO POSTPONEMENT OF THE TRIP. HE HAD FELT BOTH SIDES WERE NOT READY YET TO SIT DOWN WITH A CHANCE OF REAL PROGRESS, AND THAT MORE PREPARATION TIME WOULD PRODUCE A DIFFERENT RESULT. HERE HE WAS PROVEN CORRECT. THE SIGNING OF THE PANAMA CANAL; WAS THE OTHER REASON.

4. THE SECRETARY SAID HE FELT THE THREE RECENT MEETING HE HAD HELD WITH GROMYKO ON SALT HAD BEEN USEFUL. PROGRESS HAD BEEN MADE AND DIFFICULTIES NARROWED. THE US AND THE SOVIET UNION WERE NOW AT A POINT WHERE THE NEGOTIATIONS COULD BE TURNED OVER TO THE DELEGATES IN GENEVA. WARNKE WOULD GO THERE LATER THIS WEEK AND CONTINUE TALKS ON A CONFIDENTIAL  
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DAILY BASIS. PAHR NOTED THAT THIS WAS A POSITIVE STEP IN DETENTE.

5. ON CSCE, THE SECRETARY DECLARED THE US DELEGATION WAS NOT SEEKING CONFRONTATION BUT DID INTEND TO CARRY OUT A SERIOUS REVIEW OF WHAT THE HELSINKI SIGNERS HAD DONE AND FAILED TO DO. THE US VIEWED CSCE IN A VERY POSITIVE LIGHT, AWARE THAT IN THE LAST SIX MONTHS ALONE MANY USEFUL ACTIONS HAD BEEN TAKEN. THE SECRETARY THOUGHT A FURTHER CONFERENCE AFTER BELGRADE SHOULD CLEARLY BE SCHEDULED SO THAT PROGRESS COULD CONTINUE. HE EMPHASIZED THAT NEW INITIATIVES WERE WELCOME, AS LONG AS THIS WAS NOT AT THE EXPENSE OF WHAT HAD ALREADY BEEN ACCEPTED.

6. PAHR REPLIED THAT THE AUSTRIANS VIEW CSCE IN A REALISTIC LIGHT. FOR THAT REASON THEY WILL PROPOSE TWO TASKS THEY FEEL ARE IMPORTANT, AND TO WHICH KREISKY HAD ALREADY REFERRED AT HELSINKI. FIRST, THEY HAVE RECENTLY FLOATED AN ENERGY PROPOSAL, DIFFERENT FROM THE ALL-EUROPEAN ENERGY CONFERENCE PREVIOUSLY ENDORSED BY BREZHNEV. THE AUSTRIANS DESIRED DISCUSSION ON THE TOPIC BY A GROUP OF EXPERTS RATHER THAN TOP LEVEL LEADERS. THEIRS ALSO WOULD BE BROADER THAN THE BREZHNEV PROPOSAL WHICH COVERED ONLY ELECTRICAL ENERGY; IT WOULD INCLUDE OTHER TYPES OF FUEL. PAHR FELT THIS MADE GOOD ECONOMIC SENSE. IN THIS WAY THE EAST EUROPEAN

COUNTRIES WITH THEIR SURPLUS OF ENERGY COULD BETTER  
BALANCE THEIR DEBTS RESULTING FROM IMPORTS OF INDUSTRIAL  
GOODS FROM THE WEST. PAHR OBSERVED HERE THAT TWO RECENT  
BILATERAL AGREEMENTS ON FUEL IMPORTS FROM POLAND WERE  
COMPLICATED BECAUSE THIS FUEL HAD TO BE IMPORTED VIA THE  
CSSR, WHICH IN TURN HAD TO BE PAID. IT WOULD HAVE BEEN  
CHEAPER IF A GRID COULD BE AGREED ON, INCLUDING EVEN A  
GAS PIPELINE FROM IRAN VIA THE USSR TO WESTERN EUROPE.  
AT BELGRADE, THEREFORE, AUSTRIA WILL REQUEST THAT AN  
EXPERT GROUP BE NAMED TO STUDY HOW COOPERATION IN THIS  
FIELD MIGHT BE DEVELOPED. THE SECRETARY FELT THIS SOUNDED  
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LIKE AN INTERESTING AND PRACTICAL PROPOSAL.

7. SECONDLY, PAHR SAID, AUSTRIA WILL PROPOSE DISCUSSING  
A EUROPEAN INTERNAL WATERWAY SYSTEM, AS WATER TRANSPORTATION  
WAS IMPORTANT TO AUSTRIA. THIS PROPOSAL IS MADE  
WITH AN EYE TOWARD THE COMPLETION OF THE DANUBE-MAIN-  
RHINE CANAL SCHEDULED FOR 1980, AS WELL AS THE CANAL BETWEEN  
THE DANUBE AND THE BLACK SEA VIA ROMANIA WHICH MAY BE  
COMPLETED BY 1982. THE FRENCH AND RUSSIAN SYSTEMS ALSO  
COME INTO PLAY HERE. IT MIGHT THUS BE POSSIBLE FOR WEST  
EUROPEANS TO TRADE VIA THE CASPIAN WITH IRAN. PAHR SAID  
AUSTRIA WILL THEREFORE WAGE A COMMON EFFORT FOR ESTABLISHING  
A BETTER SYSTEM OF INTERNAL WATER TRANSPORTATION, WITHOUT  
INFRINGING ON THE RIGHTS OF THOSE INTERNATIONAL WATER  
REGULATORY BODIES ALREADY IN EXISTENCE. AUSTRIA ONLY  
WANTS BETTER COOPERATION IN PLANNING AND BETTER COORDINATION  
IN USAGE, IN THE MANNER THAT AIR TRANSPORTATION IS  
MANAGED. FOR THE PRESENT ONLY A DECISION TO HAVE EXPERTS  
STUDY SUCH POSSIBILITIES WOULD BE REQUIRED. THE SECRETARY  
THOUGHT THIS WAS A PRACTICAL PROPOSAL.

8. PAHR RECALLED THAT ABOVE ALL AUSTRIA FELT THAT THE  
TIME AND PLACE OF A FOLLOW-UP MEETING MUST BE DECIDED AT  
BELGRADE. HE KNEW THAT BELGRADE WOULD BE TOO SHORT FOR  
MANY FINAL DECISIONS. HE FELT A FOLLOW-UP SHOULD OCCUR  
IN 2-3 YEARS, AND THE SECRETARY AGREED 3 YEARS SEEMED THE  
MAXIMUM. VIENNA WOULD BE WILLING TO SERVE AS HOST, BUT  
MORE IMPORTANT THAN THIS, PAHR STRESSED, AS THAT AGREEMENT  
ON A DATE AND PLACE BE REACHED. THE AUSTRIANS CAN  
ALREADY SEE POSITIVE CHANGES IN EASTERN EUROPE THANKS TO  
HELSINKI AND BELGRADE.

9. RETURNING TO THE TWO AUSTRIAN CSCE PROPOSALS, PAHR  
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SAID THAT EARLY REACTIONS HAVE BEEN POSITIVE, ESPECIALLY CONCERNING THE WATERWAYS TRANSPORTATION PROPOSALS. YUGOSLAVIA ON THE OTHER HAND EXPRESSED FEARS THAT THE ENERGY PROPOSAL COULD CAUSE PROBLEMS WITH THE OIL EXPORTING COUNTRIES, AND THAT WORLDWIDE REVIEW WOULD BE PREFERRED. THE SECRETARY POINTED OUT THAT THE US HAD TRIED SUCH AN APPROACH, WHICH, HOWEVER, THEN GOT INVOLVED WITH VARIOUS POLITICAL FORCES SUCH AS THE GROUP OF 77. PAHR REITERATED THAT AN INTERDEPENDENT GRID, MUCH AS THEY ENVISIONED, WOULD BE GOOD FOR THE EASTERN EUROPEANS ABILITY TO PAY FOR WEST EUROPEAN IMPORTS. THE SECRETARY OPINED THAT THE MORE PARTIES DEALT WITH ONE ANOTHER THE BETTER.

10. PAHR THEN PRESENTED AN AIDE MEMOIRE ON THE TRANSPORTATION PROPOSAL, WHICH THE SECRETARY PROMISED TO CONVEY TO THE CSCE DELEGATION (SEPTEL). JANKOWITSCH NOTED THAT US DELEGATION HEAD AMBASSADOR GOLDBERG MIGHT BE MEETING WITH KREISKY IN VIENNA OCTOBER 1.

11. PAHR THEN RAISED AUSTRIA'S CONCERN ABOUT DIFFICULTIES ENCOUNTERED IN THE US BY AUSTRIAN STEEL IMPORTS AND REQUESTED THE SECRETARY'S ASSISTANCE IN THE MATTER; THE SECRETARY AGREED TO CHECK INTO THE CASE. PAHR POINTED OUT THAT AUSTRIAN STEEL PRODUCTION DOES NOT RECEIVE SPECIAL SUBSIDIES. NOT THE FIRM BUT THE SHARES ARE NATIONALLY OWNED. AUSTRIAN STEEL DOES NOT RECEIVE ONE PENNY OF PUBLIC MONEY PAID TO THE FIRMS. PAHR APOLOGIZED FOR RAISING THIS BILATERAL MATTER.

12. THE SECRETARY THEN STATED HIS DESIRE THAT THE COMPETING US AND AUSTRIAN BIDS TO HOST THE 1979 UN SCIENCE AND TECHNOLOGY CONFERENCE NOT PROVE TO BE A DIVISIVE ISSUE. PAHR SAID HE ALSO FELT THAT WAY AND HAD JUST TOLD HIS MEXICAN COLLEAGUE THE SAME THING. IN THIS CONNECTION PAHR EXPRESSED HIS THANKS TO THE SECRETARY FOR US ENDORSEMENT OF THE TRANSFER OF SOME UN UNITS TO THE VIENNA DONAU PARK  
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INTERNATIONAL CONFERENCE SITE.

13. IN RESPONSE TO THE SECRETARY'S QUESTION, PAHR DECLARED THAT THE AUSTRIAN ECONOMY IS STILL IN GOOD SHAPE; ONLY 5.6 PERCENT INFLATION, NO UNEMPLOYMENT TO SPEAK OF, STILL SOME 200,000 FOREIGN WORKERS, AND AN INCREASED GNP. THE ONLY PROBLEM IS THE BALANCE OF PAYMENTS; AUSTRIA SPENDS TOO MUCH ABROAD. THE SECRETARY DID NOT FEEL THIS AUSTRIA PROBLEM COULD BE AS BAD AS THAT OF THE US. PAHR POINTED OUT THAT AUSTRIA'S IMBALANCE WITH THE EC COUNTRIES WAS WORSE THAN THAT OF THE LATTER WITH JAPAN. THE EC WAS CONCERNED, AND SOME SORT OF SOLUTION IS NECESSARY. THE SECRETARY AGREED THE PROBLEM WAS SERIOUS. PAHR NOTED

THAT MOST AUSTRIAN CARS ARE IMPORTED. LAST YEAR ALONE OVER A BILLION DOLLARS WORTH CAME FROM THE FRG. JANKOWITSCH OBSERVED THAT US CAR IMPORTS ARE CHEAPER, BUT THEY CONSUME TOO MUCH GASOLINE.

14. PAHR ACKNOWLEDGED THAT FRG ECONOMIC DEVELOPMENTS INFLUENCE AUSTRIA. FRG PROBLEMS WERE MORE SERIOUS, ESPECIALLY UNEMPLOYMENT. THE AUSTRIANS HOWEVER, SOLVE THIS BY DEFICIT SPENDING. PAHR AGREED WITH THE SECRETARY THAT THE SCHMIDT ANTI-INFLATIONARY PROGRAM HAD BEEN SUCCESSFUL, BUT AT THE COST OF EMPLOYMENT.

15. FOLLOWING TERMINATION OF THE MEETING, THE EUR/CE DIRECTION EXPRESSED TO PAHR THE HOPE THAT SOMETHING MIGHT YET BE DONE TO ALLOW THE VIENNA OPERA TO COME TO WASHINGTON NEXT YEAR, DESPITE AUSTRIA'S FINANCIAL PROBLEMS.

VANCE

UNQUOTE VANCE

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE246855  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** S/S-O:LFLEISCHER  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 5  
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**Previous Handling Restrictions:** n/a  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 754161  
**Secure:** OPEN  
**Status:** NATIVE  
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**To:** TREASURY  
**Type:** TE  
**vdkgvkey:** odbc://SAS/SAS.dbo.SAS\_Docs/009cc924-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009